



SIGNED OFF BY	Director of People
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TO	Executive
DATE	Thursday, 5 December 2019
EXECUTIVE MEMBER	Portfolio Holder for Housing and Benefits

KEY DECISION REQUIRED	Y
WARDS AFFECTED	(All Wards);

SUBJECT	Housing Delivery Strategy (2020-2025)
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RECOMMENDATION
<p>(i) That the Housing Delivery Strategy 2020-2025 be approved for publication and implementation</p> <p>(ii) The Head of Housing be authorised, in consultation with the Portfolio Holder for Housing and Benefits, to make any additional minor amendments to the Housing Delivery Strategy to ensure factual accuracy and clarity prior to publication.</p>
REASONS FOR RECOMMENDATIONS
<p>The Executive agreed an outline Housing Strategy at its meeting on 18 March 2019. This has now been developed into a Housing Delivery Strategy 2020-2025. The Strategy is a significant contribution towards the delivery of the Corporate Plan (2020-25) and specifically the housing objective to secure the delivery of homes that can be afforded by local people and which provide a wider choice of tenure, type and size of housing.</p>
EXECUTIVE SUMMARY
<p>The Corporate Plan, titled 'Reigate & Banstead 2025', also being considered at this meeting, sets out the Council's objectives over the next five years. Within the Housing objective is an action to develop and implement a housing delivery strategy. In March 2019 Executive agreed a draft outline of the Strategy. The Housing Delivery Strategy has now been fully developed and is included at Annex 1.</p>

This document is an important step towards delivering the Corporate Plan housing objective. It outlines the borough housing challenges, considers affordability issues across tenures as well as the planning policy background and construction challenges.

The Strategy sets out six objectives which aim to enable more households working or living in the borough to access a home that is affordable to them.

Underpinning these objectives is a commitment to partnership working with housing associations, public landowners, investors, developers and others.

Executive has authority to approve the above recommendations

STATUTORY POWERS

1. There are no legal requirements for the Council to publish a Housing Delivery Strategy. The Council has a range of powers available to enable direct provision of housing. The Localism Act 2011 s1-7 enable local authorities to establish wholly owned local authority housing companies and enable the Council to undertake land and property purchases. The Act also enables local authorities to work in partnership with other providers.
2. The Council also has access to other powers which can enable housing such as the provision of loans to organisations such as Registered Providers, use of Compulsory Purchase Orders and granting its own permission for development.

BACKGROUND

3. Securing the delivery of homes that can be afforded by local people and which provide a wider choice of tenure, type and size of housing is an objective in the Council's Corporate Plan 2020-2025. The Corporate Plan action to 'develop and implement a housing delivery strategy' has been twin tracked to place the Council in the best position maximise opportunities to deliver projects for additional housing directly and enable others work in partnership to deliver.

KEY INFORMATION

4. The Housing Delivery Strategy is underpinned by a vision to secure the delivery of homes that can be afforded by local people as well as providing a wider choice of tenure, type and size of housing. This vision is set within the context of the housing need challenge, housing delivery challenges which together inform the Council's five year priorities for housing delivery and the action plan.

Housing Need Challenge

5. Analysis of the local housing market across all tenures shows a strong housing market and high demand for all housing tenures. One of the consequences of strong demand is high house prices and private rental costs. Housing affordability is a significant challenge for households wishing to purchase, to move within the market, to privately rent or afford Affordable Rent homes.
6. Since 2009, borough house prices have risen steadily. The affordability ratio of median house price to median income has risen from 7.61 in 2008 to a current rate of

10.79. First time buyers are particularly impacted.

7. The borough private rented sector is buoyant. Nationally rents have risen by 7 percent since 2015, whilst during the period 2011 and 2017 the average borough rent rose by 29% signifying strong demand and the likely impact of rising property costs.
8. Demand for social housing has continued with the number of households on the Councils Housing register steady at just over 800, due mainly to local connection qualification criteria. Typically the Council receives 290-330 vacancies a year. The wait for social housing ranges from two to over four years.
9. Homelessness continues to present a challenge. The Homelessness Reduction Act (2017) imposed greater responsibilities on the Council to prevent it. In recent years the Housing Service is coming into contact with increasing numbers of single people with complex needs requiring specialist supported housing.
10. The draft Corporate Plan highlights the borough has an aging population. Delivering appropriate housing for a range of older people is a challenge. Furthermore, as the local population ages the need for carers rises as does the need for lower cost housing for this workforce.

The housing delivery challenge.

11. The Core Strategy plans for 6,900 homes to deliver between 2012 and 2027, averaging at 460 per year. Our delivery is on track. The long-term challenge is maintaining land supply given the constraints of the Green Belt, ancient woodland, flood risk areas and other environmental constraints.
12. Much borough development is developer led which impacts on our ability to manage the rate and pace of development. Affordable housing continues to be delivered but is more challenging due to changes in national policy.
13. After allowing for planning opportunities, construction is challenging due to market conditions, rising costs of materials and labour and labour shortages. These factors impact on deliverability and timescales. It is a complex process requiring significant financial investment upfront.

Our five year priorities for housing delivery

14. Our aim is to enable households to access the housing they need at the time it is needed. This is a bold ambition that goes beyond this five year delivery strategy. Intervening in the housing market is complex and at a borough level we cannot change wider economic and market issues such as affordability. However, we can work in targeted way on specific projects with a variety of partners to deliver local projects. The Strategy outlines six housing delivery priorities:

Use our Council Assets

15. Objective 1: Use our land and assets to deliver additional housing. The Council owns a modest number of sites and buildings and are keen to maximise the potential of suitable assets. The Council will undertake an assessment of site suitability for housing, capacity, scale and costs of delivery of our sites and use this to work up a delivery programme. Options for delivery will be considered including direct delivery, through a Council owned company or a Joint Venture vehicle.

Make use of public land, private land opportunities and empty homes

16. Objective 2: Work with public land owners to redevelop redundant or underused sites

and land into housing or mixed use schemes and work in partnership to bring empty homes back into use. The Council is keen to progress a partnership approach to this priority. Although small in number and size, some underused or vacant public land offers development opportunities to deliver homes.

17. Empty homes, including flats above shops are an untapped resource. Numbers in the borough are low although the challenges to bring them into use are high. We will look at opportunities to work in partnership to access funding and support work to bring them into use.

Local Housing Companies as a Housing Delivery Tool

18. Objective 3: Establish a Local Housing Company or other vehicle to help us deliver more homes. As part of our commitment to deliver more housing that is affordable to local people we will be exploring the best mechanism to deliver it. Wholly owned Council companies have the potential to deliver the whole range of housing tenures. All profit from them can be directly reinvested into further company activities, into existing Council services or the development of new services

Joint Venture Partnerships

19. Objective 4: Work with partners to maximise the potential of development sites to meet local housing needs. To deliver real housing change we must explore and be open to opportunities to establish joint venture (JV) vehicles with others which will unlock sites for development. Working through a joint venture will also secure additional investment, proportional risk sharing and access to technical skills and experience.

Deliver specialist housing for single people

20. Objective 5: Deliver supported housing for single people with complex needs in partnership with a specialist supported housing provider. There has been a sharp increase in complex needs vulnerable people needing assistance and suitable accommodation is almost non-existent. We aim to work with an experienced provider to deliver small scale accommodation with an intensive support service in the borough and support households on their housing journey.

Deliver housing to meet local needs through planning policy

21. Objective 6: Take a plan-led approach to meeting housing delivery targets set in the Local Plan whilst supporting developers to increase development density and optimise design to maximise opportunities to deliver affordable housing to meet local need. Homes delivered now, are likely to be required by many future generations. Maximising the density of appropriate developments is crucial to making the best use of the valuable land resources in the borough. Increases in density support the delivery of more affordable housing by improving site viability.
22. The challenge for the Council and developers is securing and delivering the right affordable homes to meet local needs. Our aim is to overcome the common barriers to the delivery of mixed affordable housing schemes. We will complete a review of the Affordable Housing Supplementary Planning Document and include new design guidance for affordable housing.
23. The Strategy is supported by an Action Plan.

OPTIONS

24. The options available to the Executive are:

a. Option 1: To approve the Housing Delivery Strategy for publication and implementation. This option is recommended to support progress in delivering the Corporate Plan 2020-2025 and its objectives, also being considered at this meeting. It also means the Housing Delivery Strategy objectives can be implemented in a timely manner which will better benefit those working and living in the borough.

b. Option 2: To seek a delay to publication of the Strategy and seek further amendments and / or changes to the objectives. This option is not recommended as background work has already started to support the delivery of all the objectives to ensure projects and opportunities are secured and delivery started within the five year timeframe. This Strategy also supports delivery of the Corporate Plan 2020-25 and any delay will impact on delivery of the Housing objective.

LEGAL IMPLICATIONS

25. There are no specific legal implications arising out of the development of the Strategy. However, the delivery of specific projects and initiatives outlined in the Strategy will give rise to legal matters. For example, housing delivery projects may require the creation of legal entities in the form of joint venture partnerships or new or revised company arrangements. Any future legal implications will be put to and considered by Executive or the Joint Venture Executive Sub Committee as appropriate in due course.

FINANCIAL IMPLICATIONS

26. There are no immediate financial implications at the point of developing and publishing the Strategy. Several of the actions contained in its action plan will require financial resources and commitments. The allocation of funding in the Capital Programme for 2020/21 to 2024/25 is being considered as part of the service and financial planning capital growth proposals work stream, with final funding recommendations being presented in the January 2020 budget report.

27. A business case will be built for each project as it arises and opportunities presented to the Executive or Commercial Ventures Executive Sub-Committee as appropriate. We will seek their approval to carry out new housing schemes, funded through the approved allocation in the Capital Programme each year. Sources of funding for housing schemes in the Programme will include prudential borrowing, use of capital receipts from sale of existing assets, affordable housing developer commuted sums and applying for Government grants. We intend to gain Homes England partner status to enable us to apply directly for grants.

28. The revenue budget implications of borrowing for housing schemes will be taken into account when preparing the Council's Medium Term Financial Plan and annual budget each year.

29. Delivering a range of housing options will require commercial decisions. Ventures undertaken through a Council company will be funded through loans from the Council at commercial rates, through use of commuted sums and through the use of Council land. The intention is that, over time, the company will borrow from private sources as well as the Council as its asset base and investment plans grow.

EQUALITIES IMPLICATIONS

30. An Equalities Impact Assessment has been completed. It indicates several target groups will be positively impacted by implementation of the Strategy through the delivery of additional homes to meet a range of groups.
31. In terms of age, the Strategy highlights the borough has an ageing population with a need for a range of suitable accommodation options. The Strategy also highlights the need for a range of housing options for single people, couples, and families with children and an expectation of delivery of homes to meet the needs of these groups. More specifically, in terms of the disabilities target group, the Strategy commits to establishing supported accommodation for single people with long-term mental health and other complex needs marking a positive impact.
32. No negative impacts are identified and therefore a Full Assessment has not been undertaken. The report does however, indicate that the strategy is focused on households who live or work in the borough and therefore equalities target groups from outside the borough will not benefit from implementation of the Strategy.

COMMUNICATION IMPLICATIONS

33. There are no specific communication implications. The Strategy will be published on the Council's website following Executive in December 2019. Our partners will be made aware of its completion and publication directly and through meetings.

HUMAN RESOURCES IMPLICATIONS (if applicable)

34. Not applicable.

RISK MANAGEMENT CONSIDERATIONS

35. The Housing Delivery Strategy itself is not identified as a Strategic risk. However, during delivery the national, regional and local context within which the Council operates, as well as the needs of local residents and workers will need to continue to be taken into account to ensure the Strategy remains relevant.

CONSULTATION

36. The Executive and Portfolio Holder for Housing and Benefits have been consulted throughout development of the Strategy.
37. Consultation with Executive began at a meeting to scope the Strategy in December 2018. An Outline Housing Delivery Strategy was agreed by Executive in March 2019.
38. An all Member consultation took place on 26 September to enable Members to contribute to the final Strategy. The consultation was well attended and generated a

number of observations and questions regarding housing need, affordability, affordable homeownership and sustainable development. These have led to minor amendments with the effect of clarifying meaning.

39. Overview & Scrutiny Committee considered the Strategy on 17th October 2019. Their feedback has informed amendments to clarify the definitions of affordable rental and homeownership options. An amendment was also made, following the meeting, to show more clearly that professional skills will be sought to deliver specific projects as and when required.

POLICY FRAMEWORK

40. The Corporate Plan 2020-25 (being considered at this meeting) forms part of the Policy Framework for the Council. It identifies Housing as a corporate priority and includes an action to develop and implement a housing delivery strategy. Whilst this Strategy does not form part of the Policy Framework it does deliver an action within the draft Corporate Plan and supports its delivery.

BACKGROUND PAPERS

1. Housing Delivery Strategy Equality Impact Assessment.